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Budget Gloom

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aychecks of federal workers and retirees would take a beating if the Senate Budget Committee succeeds in its attempt to trim the federal deficit by \$55 billion next year.

The committee proposes to freeze most federal pay and pension raises next year and cut between 75,000 and 80,000 U.S. jobs through attrition. The plan also would mean longer waits for step pay increases, bigger retirement contributions and smaller inflation raises for retirees.

The committee report, due out today, rejects President Reagan's plan to cut federal pay by 5 percent next year and to raise the retirement age to 65.

The next step for the package, if approved by the Senate, is to assign spending cut targets to committees that have jurisdiction over programs ranging from defense and social security to civil service.

It will be up to the Senate Governmental Affairs Committee to decide how these savings are to be made by trimming civil service programs. It can accept or reject any of the Budget Committee's suggestions about where cuts should be made, as assigned dollar targets are met. The same procedure will take place in the House, where the Post Office-Civil Service Committee has been given the job of deciding where cuts will be made.

Under the tentative Senate committee plan, there would be no raises next year for most federal workers and retirees. Both groups got a 3.5 percent raise in January.

The pay-pension freeze would hit nearly 4 million workers, retirees or their survivors, including 500,000 in this area. A federal employment cut of up to 75,000 jobs and delays in within-grade (longevity) raises also may be recommended.

The committee plan reportedly calls for raising employe contributions to the civil service retirement program from 7 percent to 9 percent next year.

Insiders say the depth of the cuts depends on the actual dollar savings the Budget Committee assigns. Once they are made, and approved by the Senate, they go to the Governmental Affairs Committee.

- This is what the Senate Budget Committee will propose today:
- A freeze on federal pay raises (except for postal employes) and pension increases next year. Feds would get a 3.8 percent raise in 1987 and 4.7 percent in 1988.
- An increase in employe retirement contributions from 7 percent to 9 percent of salary next year.
- A limit on retiree raises after 1987 to 2 percent less than the actual rise in living costs. Under this system, retirees would get a 3 percent adjustment if living costs rose 5 percent.

The committee does not recommend raising the retirement age. Reagan wanted to cut employes' annuities by 5 percent a year for each year they were under 65 at retirement.

- Cutting federal employment between 4 percent and 5 percent through attrition. This would require most agencies to limit hiring. Some would have to freeze hiring until they reached their new lower ceilings.
- Adding one year to the time employes must serve before they are eligible for a 3 percent, within-grade (longevity) step increase. Depending on their time in grade, workers now get the increases every one to three years. This change means all raises would be delayed one year.

Even if all the cuts are approved by the Senate they must still clear the Democratic-controlled House and be approved by the president.